

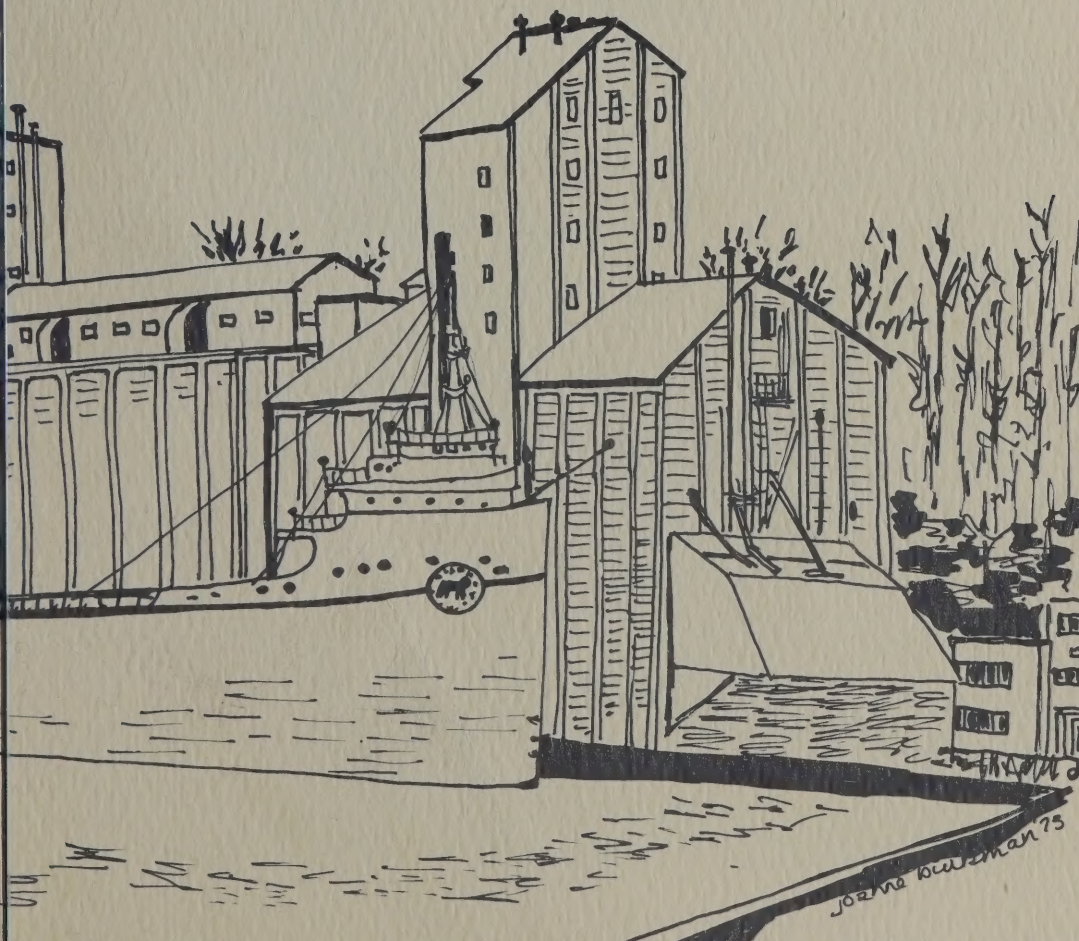
THE
GODERICH
ELEVATOR
AND
TRANSIT
COMPANY
LIMITED

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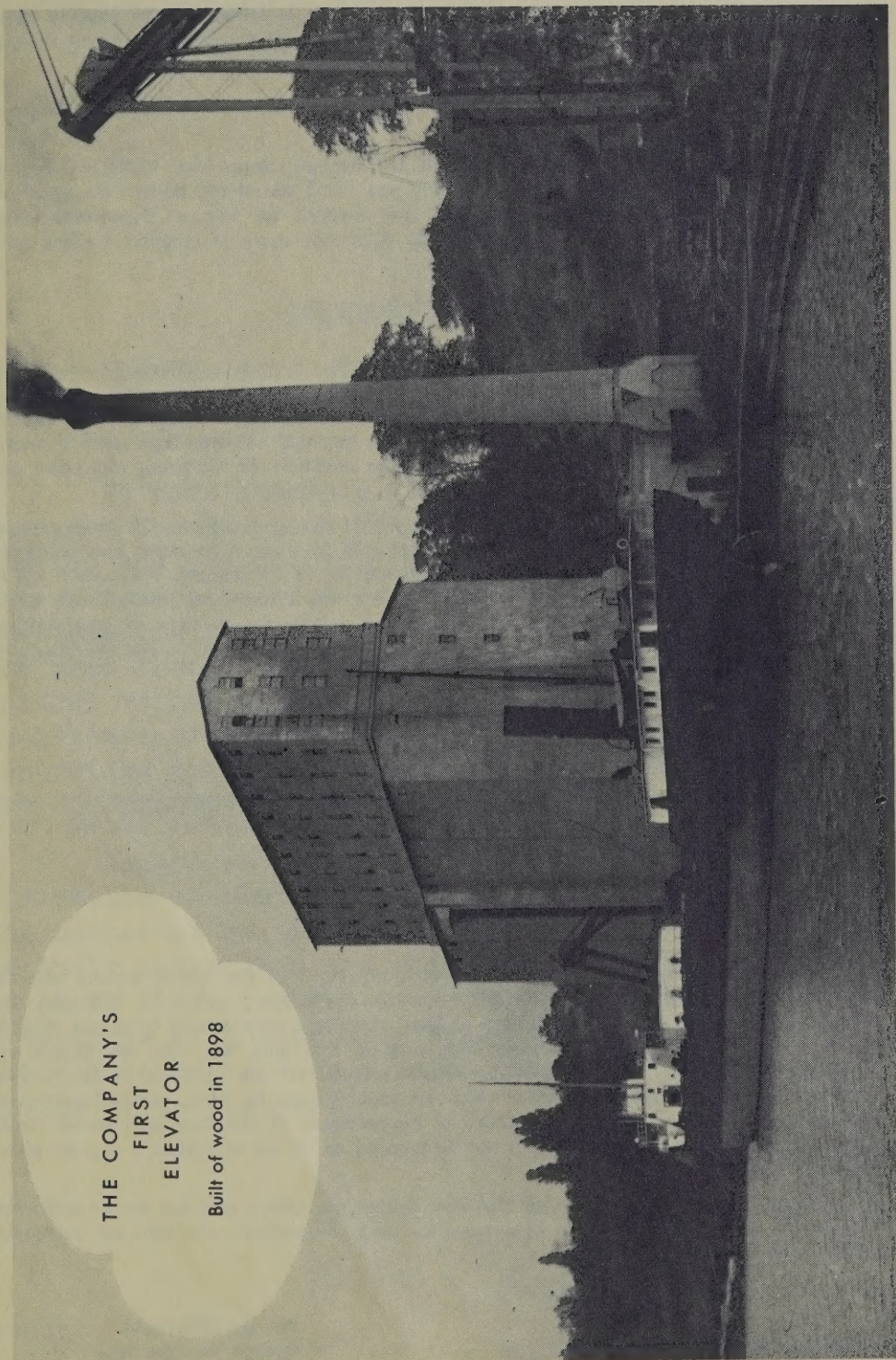
75TH ANNUAL REPORT

for the year ended march 31, 73



THE COMPANY'S
FIRST
ELEVATOR

Built of wood in 1898



DIRECTORS' REPORT TO SHAREHOLDERS

On behalf of the Board of Directors, I take pleasure in presenting the financial statements of your Company as at March 31, 1973, together with the Auditor's report thereon.

REVIEW

Grain received during the year was 9,363,687 bushels, down from 10,662,307 bushels the year before. Profit after taxes at \$113,286 was \$1.35 per share, down from \$2.37 per share last year when a considerable gain was realized on sale of investments. Your Directors increased total dividend payments to \$1.50 per share in respect of these latter profits.

SEVENTY-FIVE YEARS

Having weathered the surges of mergers and acquisitions over the years, particularly in the sixties, it is rather unusual to see a Company of this size continuing on in virtually the form it was incorporated on May 27, 1898. The fact that shareholdings tend to remain within families, would indicate a confidence in the direction the Company has come and is going.

An unfortunate incident occurred March 18th of this year which was a first in the seventy-five year history of the Company, when due to freak high water conditions the winter fleet broke loose and ten vessels, including six of our barges, were adrift for 36 hours sustaining considerable damage; this damage was covered by insurance. It is the opinion of management that the Company has no liability for damage to other vessels resulting from the storm and that in any case such damages do not exceed the insurance coverage carried by the Company.

PLANT AND EQUIPMENT

A long term program of installing air pollution control equipment, which will reduce working capital, will begin this year bearing a total price tag of almost \$250,000. This is non-productive equipment so far as operations go.

OUTLOOK

Opening of navigation business has been gratifying. Our first vessel arrived May 9th and up until May 31st we will have unloaded over 2,000,000 bushels. In 1972, our first vessel didn't arrive until May 12th and at May 31st the corresponding total was 633,731 bushels. Because of a short Ontario corn crop in this area last Fall, we expect our handling of Western feed grains to be above average for the next six months and in fact we may be importing U.S. corn, which we haven't done for three years. Export grain to store may be late in arriving because of requirements of The Canadian Wheat Board to meet delivery commitments at the two Seaboard. In all we anticipate a slightly above average year.

Within the past few weeks we amicably settled our Union contract for an additional two years. We wish to thank our employees for their co-operation, and also our customers and shareholders for their loyalty.

Goderich, Ontario,
May 28, 1973.

For the Directors,
George G. Parsons,
President.

Clarkson, Gordon & Co.

Chartered Accountants

291 Dundas Street, London 14, Canada

AUDITORS' REPORT

To the Shareholders of

The Goderich Elevator and Transit Company Limited.

We have examined the consolidated balance sheet of The Goderich Elevator and Transit Company Limited and its subsidiary as at March 31, 1973 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at March 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.

London, Canada.

April 30, 1973.

Chartered Accountants.

The Goderich Elevator and

and its subsidiaries
(Incorporated under the laws of Ontario)

CONSOLIDATED

MARCH

(with comparative figures for 1972)

ASSETS

CURRENT:

	<u>1973</u>	<u>1972</u>
Cash	\$ 28,230	\$ 15,867
Investments — at cost (approximate market value — 1973 — \$1,084,131; 1972 — \$911,320)	888,240	
Accrued interest	3,504	883,475
Accounts receivable	47,832	61,134
Accrued revenue from grain storage	29,520	7,882
	<u>997,326</u>	<u>968,358</u>

FIXED:

Land — at cost	3,118	3,118
Land and water lots held under lease — at nominal value	1	1
Docks, buildings, barges, machinery and equipment — at cost	2,235,810	2,226,374
	2,238,929	2,229,493
Less accumulated depreciation	1,329,929	1,273,663
	<u>909,000</u>	<u>955,830</u>

OTHER:

Organization expense	700	700
	<u>\$1,907,026</u>	<u>\$1,924,888</u>

Transit Company Limited

diary

laws of Ontario)

BALANCE SHEET

1973

for 1972)

LIABILITIES

CURRENT:

	<u>1973</u>	<u>1972</u>
Accounts payable and accrued charges	\$ 50,261	\$ 27,175
Taxes payable	13,128	31,113
	<u>63,389</u>	<u>58,288</u>

Deferred income taxes	<u>269,000</u>	<u>272,000</u>
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Shareholders' equity:

Capital —

Authorized:

90,000 shares of no par value

Issued and fully paid:

84,166 shares

Retained earnings

1,581,637 1,594,600

Less refundable taxes paid but not

yet refundable (see note below)

1,574,637 1,594,600

On behalf of the Board

G. G. Parsons, Director

D. B. Weldon, Director

REFUNDABLE TAXES — Under the Income Tax Act, Canada, the company is classified as a private corporation and as such, 1973 taxes payable by the subsidiary, Goderich Elevator Holdings Limited, relating to dividend income and a portion of the taxes payable by it relating to interest income are potentially refundable and, accordingly, have not been deducted in arriving at consolidated net income for the year but have been shown as a deduction from shareholders' equity. A refund of these taxes can be obtained at the rate of \$1 for each \$3 of taxable dividends paid by Goderich Elevator Holdings Limited to the company. During 1973 such dividends amounted to \$20,000 and as such, taxes otherwise payable on interest and dividends have been reduced by \$6,667.

\$1,907,026 \$1,924,888

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED MARCH 31, 1973

(with comparative figures for 1972)

	<u>1973</u>	<u>1972</u>
Revenue from elevation, storage, shovelling and other charges	\$681,835	\$710,956
Expenses:		
Operating expenses —		
Wages of superintendent, weighmen, operators, etc.	209,638	221,271
Municipal taxes	46,401	46,154
Supplies, repairs and maintenance	60,011	61,818
Power, water and light	23,262	26,086
Insurance and elevator bond premiums	20,659	18,287
Insurance on grain in storage	12,386	8,523
Employees' pension plan	5,771	6,672
	<u>378,128</u>	<u>388,811</u>
Depreciation of properties	56,266	55,918
Administration expenses —		
Management and office salaries	54,400	47,172
Directors' fees	8,477	8,590
Office expenses, employee benefits, travelling, donations, etc.	42,688	44,069
	<u>105,565</u>	<u>99,831</u>
Total expenses	539,959	544,560
Income from operations	141,876	166,396
Other income:		
Investment income	39,215	36,762
Gain (loss) on sale of investments	(3,805)	75,175
	<u>35,410</u>	<u>111,937</u>
Income for year before taxes on income	177,286	278,333
Taxes on income — current	67,000	84,000
— deferred	(3,000)	(5,000)
	<u>64,000</u>	<u>79,000</u>
Net income for year	<u>\$113,286</u>	<u>\$199,333</u>
Earnings per share — based on outstanding shares	<u>\$1.35</u>	<u>\$2.37</u>

REMUNERATION — The aggregate remuneration of directors and senior officers (as such are defined under the requirements of The Business Corporations Act, 1970, Ontario) was \$85,224 for the year ended March 31, 1973 (\$84,183 for 1972). This includes remuneration of three employees not considered to be part of the management of the company.

**CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION
OF FUNDS**

YEAR ENDED MARCH 31, 1973
(with comparative figures for 1972)

	<u>1973</u>	<u>1972</u>
Working capital, beginning of year	\$910,070	\$759,419
Funds provided from operations	166,552	250,251
Funds expended on:		
Payment of dividends	126,249	84,166
Purchase of fixed assets	9,436	14,734
Organization expense		700
Payment of refundable taxes	7,000	
	<u>142,685</u>	<u>99,600</u>
Increase in working capital during year	23,867	150,651
Working capital, end of year	<u>\$933,937</u>	<u>\$910,070</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED MARCH 31, 1973
(with comparative figures for 1972)

	<u>1973</u>	<u>1972</u>
Balance, beginning of year	\$658,560	\$543,393
Add net income for year	113,286	199,333
	771,846	742,726
Deduct dividends paid of \$1.50 per share in 1973 and \$1.00 per share in 1972	126,249	84,166
Balance, end of year	<u>\$645,597</u>	<u>\$658,560</u>

DIRECTORS

K. L. DUNSFORD
Great Star Flour Mills Ltd.
St. Marys, Ontario

* H. C. HEIMBECKER
Parrish & Heimbecker Ltd.
Toronto, Ontario

* K. E. HUBLEY
Jas. Richardson & Sons Ltd.
Toronto, Ontario

K. W. JONES
Winnipeg Charterers Ltd.
Winnipeg, Manitoba

* G. G. PARSONS
Goderich Elevator & Transit Co. Ltd.
Goderich, Ontario

W. T. POWELL
Kenwal Enterprises Ltd.
Winnipeg, Manitoba

DAVID B. WELDON
Midland-Osler Securities Ltd.
Toronto, Ontario

* Audit Committee

EXECUTIVE OFFICERS

G. G. PARSONS
President-Manager

DAVID B. WELDON
Vice-President

J. C. CHISHOLM
Secretary

J. B. LOCKHART
Treasurer

EXECUTIVE COMMITTEE

H. C. HEIMBECKER
Chairman

DAVID B. WELDON

G. G. PARSONS

AUDITORS

CLARKSON, GORDON & CO.
London, Ontario

BANKERS

ROYAL BANK OF CANADA

TRANSFER AND REGISTER AGENTS

CANADA PERMANENT TRUST COMPANY
1901 Yonge St., Toronto 7

FISCAL AGENTS

MIDLAND-OSLER SECURITIES LTD.
Toronto, Ontario

SOLICITORS

DONNELLY AND MURPHY
Goderich, Ontario

